

## Revenue Trends and Assumptions

MAG is primarily a grant-funded agency, receiving approximately 80 percent of its annual revenues from federal, state, and local agencies. The majority of the remaining funding is from the Sales Tax which is restricted for implementation of the Arterial Life Cycle program. The grantor will typically issue an award letter to acknowledge the annual grant award. Revenue estimates are determined based on the scope of work the organization is requested to conduct for the grantors and the level of available grant funding. Because MAG is a grant-funded agency, collection of revenues from federal and state government agencies is on a cost reimbursement basis. MAG must first perform the agreed-upon tasks outlined in the grant agreement, incur the expenses, and then request reimbursement from the grantor.

Early in the budget process each revenue account is analyzed and the current fiscal year's budgeted amounts are re-established in order to form a more accurate basis for the next fiscal year's budgeted revenues. The following revenue descriptions, assumptions and trends are provided for MAG's major revenue sources. Generally, revenues used for operations in amounts above \$200,000 in the governmental funds are included in this section of the document.

In 2005, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was enacted, refining the outlook on transportation and how it serves economic, mobility, and accessibility needs from regional, statewide, and national perspectives. Planning practices and coordination between states and metropolitan areas and between the public and private sectors are reinforced through the legislation. Linkages and connections between different forms of transportation are highlighted in the planning process, as is the need for early recognition of environmental mitigation considerations. Continuing emphasis is placed on broad participation to ensure that decisions will be responsive to local needs. The United States Department of Transportation (USDOT) provides funding through the following indicated operating administrations:

### **Federal Highway Administration (FHWA)**

#### ***State Planning and Research (SPR), Special Revenue Fund***

The State Planning and Research funding is a federal grant award from the Federal Highway Administration (FHWA) to the Arizona Department of Transportation (ADOT) in the form of a two percent set-aside from a variety of other programs. From this award, ADOT at its discretion, may pass-through a portion of the award to any of the state's MPOs in any given year. The agency's management actively participates with ADOT management in the assessment, allocation and use of the state's SPR funding. The agency's management assumes it will continue to maintain its current level of SPR funding for the foreseeable future. The SPR funds may be used to cover the costs of the agency's planning efforts.

#### ***Surface Transportation Program (STP), Special Revenue Fund***

The Surface Transportation Program funding is a federal grant award allocated to each state by the Federal Highway Administration (FHWA). Annual federal legislation, sub-allocates by formula the STP funds to the MPOs in the State of Arizona. The STP awarded to the agency may be used for construction projects and regional planning efforts. From the agency's total STP award, the agency's governing board, the Regional Council, then allocates the funds to projects in the Transportation Improvement Program

(TIP) and the agency's planning efforts in the operating budget. The Regional Council has sole discretion over this additional sub-allocation of the agency's total STP award.

***Metropolitan Planning (PL), Special Revenue Fund***

The Metropolitan Planning funding is a federal grant award allocated to each state by the Federal Highway Administration (FHWA). Based on federal legislation, ADOT, in consultation with the state's four MPOs, then sub-allocates the PL award to the MPOs. Management assumes that the PL award will reflect increases over the next few years. The PL funds may be used to cover the costs of the agency's planning efforts.

For budgetary purpose these three funding sources (SPR, STP and PL) are combined into one funding source and referred to as Federal Planning Funds (PF) by the agency.

***Congestion Mitigation Air Quality (CMAQ), Special Revenue Fund***

The Congestion Mitigation Air Quality funding is a federal grant award allocated to each state by the Federal Highway Administration (FHWA). It is important to note that the use of CMAQ funds is restricted to non-attainment and maintenance areas for projects related to carbon monoxide, ozone and PM-10. From the agency's total CMAQ award, the agency's governing board, the Regional Council, then allocates the funds to projects in the Transportation Improvement Program (TIP). The Regional Council has discretion over this allocation of the agency's total CMAQ award, as long as the proposed use of the funds is allowable under federal regulations. Management assumes that the overall CMAQ award to the agency will remain relatively constant over the next few years. However, the restrictive nature of CMAQ funds limits the use of the funds to projects that are likely to have a direct air quality benefit. Therefore, the use of CMAQ funds to balance the agency's operation budget is constrained by the eligibility of the project as opposed to the availability of funds.

**Federal Transit Administration (FTA)**

***Federal Transit Administration (FTA), Special Revenue Fund***

The Federal Transit Administration funding is a federal grant award allocated to each state by the Federal Transit Administration (FTA). MAG's actual award consists of FTA Section 5303, Section 5317 and Section 5339 funds. Based on federal legislation, ADOT sub-allocates the FTA Section 5303 award among the State of Arizona's MPOs. From the agency's total FTA award, the agency's governing board, the Regional Council, allocates the funds for the planning efforts in the operating budget.

**United States Department of Health and Human Services (DHHS)**

***Department of Justice, Special Revenue Fund***

The Department of Justice funding is a federal grant award through the Arizona Governor's Office for Children, Youth and Families. This grant funds the MAG Protocol Evaluation Project at MAG. The project will increase safety and justice for domestic violence victims by evaluating and improving the protocols used to arrest and prosecute domestic violence offenders. The evaluation component of the project will apply an objective, evidence-based review to ensure the most beneficial changes to the protocols are implemented.

**State Revenue**

***State Sales Tax, Special Revenue Fund***

One of the resources for funding transportation improvements in the MAG Region is a one-half cent transaction privilege tax (sales tax) collected in Maricopa County. The original sales tax expired in December 2005. With the passage of Proposition 400 in November 2004, the voters of Maricopa County approved the continuation of the sales tax over the next 20 years. A portion of this funding is set aside for administration of the Regional Transportation Plan Life Cycle Programs. MAG oversees the Regional Transportation Plan (RTP) and will receive administrative and planning funds for the implementation of the RTP and funding for administering the Arterial Street Life Cycle Program. Projected funding levels from the sales tax revenue is determined using an inflation index which is currently set at about three percent.